

## Appraisers and Assessors of Real Estate

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### Significant Points

- Appraisers and assessors must meet licensing and/or certification requirements which vary by State, but generally include specific training requirements, a period of work as a trainee, and passing one or more examinations.
- Although no specific degree is required to enter the occupation, most have at least a bachelor's degree.
- Nearly 4 out of 10 are self-employed; salaried assessors worked primarily in local government, while salaried appraisers worked mainly for real estate firms.
- Employment is expected to grow faster than average.

### Nature of the Work

Appraisers and assessors of real estate estimate the value of real property for a variety of purposes, such as to assess property tax, to determine a sales price, or to determine the amount of a mortgage that might be granted on a property. They may be called on to determine the value of any type of real estate, ranging from farmland to a major shopping center, although they often specialize in appraising or assessing only a certain type of real estate such as residential buildings or commercial properties. Assessors determine the value of all properties in a locality for property tax purposes whereas appraisers appraise properties one at a time for a variety of purposes, such as to determine what a good sale price would be for a home or to settle an estate or aid in a divorce settlement.

Valuations of all types of real property are conducted using similar methods, regardless of the type of property or who employs the appraiser or assessor. Appraisers and assessors work in localities they are familiar with so they have a knowledge of any environmental or other concerns that may affect the value of a property. They note any unique characteristics of the property and of the surrounding area, such as a specific architectural style of a building or a major highway located next to the parcel. They also take into account additional aspects of a property like the condition of the foundation and roof of a building or any renovations that may have been done. Additionally, they may take pictures to document a certain room or feature, in addition to taking pictures of the exterior of the building. After visiting the property, the appraiser or assessor will determine the fair value of the property by taking into consideration such things as comparable home sales, lease records, location, previous appraisals, and income potential. They will then put all of their research and observations together in a detailed report, stating not only the value of the parcel but the precise reasoning and methodology of how they arrived at the estimate.

Appraisers have independent clients and focus solely on valuing one property at a time. They primarily work on a client-to-client basis, and make appraisals for a variety of reasons. Real property appraisers often specialize by the type of real estate they appraise, such as residential properties, golf courses, or strip malls. In general, commercial appraisers have the ability to appraise any real property but may generally only appraise property used for commercial purposes, such as stores or hotels. Residential appraisers focus on appraising homes or other residences and only value those that house 1 to 4 families. Other appraisers have a general practice and value any type of real property.



*Many real estate appraisers take pictures to document the property in their valuation reports.*

Assessors predominately work for local governments and are responsible for valuing properties so a tax formula can be used to assess property taxes. Unlike appraisers, assessors value entire neighborhoods using mass appraisal techniques to value all the homes in a local neighborhood at one time. Although they do not usually focus on a single property they may assess a single property if the property owner challenges the assessment. They may use a computer-programmed automated valuation model specifically developed for their assigned jurisdictions. In most jurisdictions the entire community must be revalued annually or every few years. Depending on the size of the jurisdiction and the number of staff in an assessor's office, an appraisal firm, often called a revaluation firm, may do much of the work of valuing the properties in the jurisdiction. These results are then officially certified by the assessor.

When properties are reassessed, assessors issue notices of assessments and taxes that each property owner must pay. Assessors must be current on tax assessment procedures and must be able to defend their property assessments, either to the owner directly or at a public hearing, as accurate, since assessors are also responsible for dealing with tax payers who want to contest their assigned property taxes. Assessors also keep a database of every parcel in their jurisdiction labeling the property owner, issued tax assessment, and size of the property, as well as property maps of the jurisdiction that detail the property distribution of the jurisdiction.

Appraisers and assessors write a detailed report of each appraisal. Writing these reports has become faster and easier through the use of laptop computers, allowing them to access data and write at least some of the report on-site. Another computer technology which has impacted this occupation are electronic maps, made by assessor's offices, of a given jurisdiction and its respective property distribution. Appraisers and assessors use these maps to obtain an accurate perspective on the property and buildings surrounding a property. Digital cameras are also commonly used to document the physical appearance of a building or land at the time of appraisal, and the pictures are also used in the documentation of the report.

### Working Conditions

Appraisers and assessors spend much of their time researching and writing reports. However, with the advancement of computers and other technologies, such as wireless Internet, time spent in the office has decreased as research can now be done in less time or on-site or at home. Records that once required a visit to a courthouse or city hall can often be found online. This has especially affected self-employed appraisers, often called independent fee appraisers,

who make their own office hours, allowing them to spend much more time on-site doing research and less time in their office. Time spent on-site versus in the office also depends on the specialty. For example, residential appraisers tend to spend less time on office work than commercial appraisers, who could spend up to several weeks for one site analyzing documents and writing reports. Appraisers who work for private institutions generally spend most of their time inside the office, making on-site visits when necessary.

Independent fee appraisers tend to work more than a standard 40 hour work week, in addition to working evenings and weekends writing reports. On-site visits usually occur during daylight hours, and according to the client's schedule. Assessors and privately employed appraisers, on the other hand, usually work a standard 40-hour work week. Occasionally they work an evening or Saturday, to speak with a concerned tax payer, for example.

Appraisers and assessors usually conduct on-site appraisal work alone. Their office may consist of just themselves or a small support staff.

### **Training, Other Qualifications, and Advancement**

The requirements that must be met to become a fully qualified appraiser or assessor are complex and vary for appraisers and assessors, by State, and sometimes by the value or type of property to be assessed or appraised. In general, both appraisers and assessors must meet licensing and/or certification requirements which include specific training requirements, a period of work as a trainee, and passing one or more examination. Therefore it is essential that prospective appraisers and assessors check with their State governments to determine the specific education and experience required in their State. There also are additional certifications or association designations that are helpful for advancement as well as continuing education requirements.

Although there are currently no formal degree requirements to become an appraiser or assessor, the majority of practicing appraisers and assessors have at least a bachelor's degree, sometimes in a related field such as economics, finance, or real estate. The specific training courses necessary, however, are not commonly available as part of most bachelor's programs and must be taken separately, usually at community colleges or through appraisal-related or assessor-related organizations.

A Federal law requires that any appraiser involved in a Federally-related transaction with a loan amount of \$250,000 or more must have a State-issued license or certification. All States also are required to conform to the licensing and certification requirements established by The Appraisal Foundation, a Congressionally-approved organization dedicated to this purpose. The Appraisal Foundation requires that appraisers pass a Foundation-approved State examination as well as meet education and experience requirements. The education requirements include a course and examination on the Uniform Standards of Professional Appraisal Practice (USPAP) set forth by The Appraisal Foundation.

Although Federal standards do not require an appraisal license for those appraisers valuing real property with loan amounts of less than \$250,000, many States require any practicing appraiser to obtain a license or certification, regardless of transaction value. In addition, many States have different, more stringent requirements for licensure than The Appraisal Foundation.

The qualifications necessary to become an assessor also vary by State but often are similar to the requirements for becoming an appraiser. In most States, the qualifications are established by a State assessor board that sets education and experience requirements that must be met to obtain a certificate to practice as an assessor. A few States have no State-wide requirements; in these States standards are set by each locality.

The State-issued appraiser licenses currently available are the State Certified General Real Property Appraiser license, which allows an appraiser to value any type of real property regardless of value, and the State Certified Residential Real Property Appraiser license, which allows an appraiser to value any residential unit of 1 to 4 families regardless of value. An additional license, which is recommended or used by many States is the State Licensed Appraiser license, which permits its holder to appraise commercial property up to \$250,000 and 1 to 4 family residential units worth up to \$1 million.

In most States, those working on their appraiser requirements for licensure are classified as a "trainee." Some of these States have their own training programs while others use the recommended program of the Appraisal Foundation. This program requires 75 hours of specified appraisal education, 15 of which must be on the USPAP, before applying for a trainee position. The number of additional courses one must take while a trainee depends on the State requirements for the license they wish to obtain. For the State Licensed Appraiser license, which is available or required in a majority of States, the candidate must obtain 90 education hours, 15 of which must be on the USPAP, and 2,000 hours of on-the-job training. For the State Certified Residential Appraiser and State Certified General Appraiser licenses, the required education hours are much more rigorous. In addition, the candidate must pass an examination. Commencing in 2008, individuals wishing to become State certified appraisers will need to either possess a college degree or complete a specified number of hours in certain college-level courses.

States mandating assessor certification have requirements similar to those for appraisers. Some States also have more than one level of certification. All candidates must attend State-approved schools and facilities and take basic appraisal courses. Although appraisers value one property at a time while an assessor values many, the methods and techniques used are the same, so the main courses assessors take are the same as those for appraisers. In addition, there is usually a set level of experience hours that must be obtained and all assessor candidates in these States must pass an examination. In some States, assessors must abide by the USPAP standards and are strongly encouraged to follow these standards in most other States. For those States not requiring certificates, the hiring assessor's office will usually require the candidate to also take basic appraisal courses, and at the end of their on-the-job training the candidate often will have accrued sufficient experience hours to meet the requirements for appraisal licenses or certificates. Many assessors also possess a State appraisal license.

Obtaining on-the-job training is an essential part of becoming a fully qualified assessor or appraiser and is required for obtaining a license or certification. Although in the past many appraisers obtained this experience working in financial institutions or real estate offices, a new trend for candidates is to get their initial experience in the office of an independent fee appraiser. Assessors tend to start out in an assessor's office that is willing to provide on-the-job training, although smaller municipalities are unable to provide this experience. An alternate source of experience for aspiring assessors is through a revaluation firm.

For both appraisers and assessors, continuing education is necessary to maintaining a license or certification. The minimum continuing education requirement for appraisers, as set by The Appraisal Foundation, is 14 hours per year. A State-approved course also must be taken on the USPAP every two years. Some States have further requirements. Continuing education can be obtained in any State-approved school or facility, as well as recognized seminars and conferences held by associations or related organizations. Assessors

must also fulfill a continuing education requirement in most States, but the amount varies by State.

Appraisers and assessors must possess good analytical skills, mathematical skills, and the ability to pay attention to detail. They also must work well with people and alone. Since they will work with the public, politeness is a must, along with the ability to listen and thoroughly answer any questions about their work.

Many appraisers and assessors choose to become a designated member of a regional or Nationally recognized appraisal or assessor association. Designations are particularly useful in States or types of practices where a license is not mandatory or a certificate has not been established. Designations are another way for an appraiser or assessor to establish themselves in the profession, and are recognizable credentials to show employers a higher level of education and experience. Obtaining a designation often requires much more training and experience than the minimum licensing requirements of The Appraisal Foundation, and usually are awarded after 5 to 10 years of experience. Many appraisers and assessors start with getting their license or certificate and work their way up to a designation. Many appraisal associations have a membership category specifically for trainees, who then can receive full membership after licensure. Since States differ greatly on the requirements to become an assessor, licensure is not necessarily required for membership or designations; however, the imposed designation qualifications tend to be very stringent.

Advancement within the occupation comes with experience. The higher the level of appraiser licensure, for example, the higher the fees an independent fee appraiser may charge. Staying in one particular region or focusing on one type of appraising specialty will also help to establish one's business, reputation, and expertise. Assessors often have a career progression within their office, starting as a trainee and eventually ending up as a senior appraiser or supervisor.

### Employment

In 2004, appraisers and assessors of real estate held about 102,000 jobs. Most appraisers and assessors work full-time. Nearly 4 out of 10 are self-employed; virtually all are appraisers. Employment is concentrated in areas with high levels of real estate activity, such as major metropolitan areas. Assessors are more uniformly spread throughout the country than appraisers because every locality has at least one assessor.

About 1 out of 4 worked in local government; almost all were assessors. Another 1 out of 4, mainly appraisers, worked for real estate firms, while a relatively small number worked for financial institutions, such as banks and credit unions.

Most independent fee appraisers' offices are relatively small, consisting of either just themselves or a small staff. However, private institutions such as banks and mortgage broker offices may employ several appraisers in one office. The size of the office employing assessors depends on the size of the local government; in some States assessments are by counties whereas in other States assessments are made by municipalities or other local governments. Therefore a county assessor's office probably would employ more assessors than a small town, which may only employ a single assessor.

### Job Outlook

Employment of appraisers and assessors of real estate is expected to grow faster than the average for all occupations over the 2004–14 period. Employment of appraisers will grow with increases in the level of real estate activity and employment of assessors will grow with the increase in the amount of real property to be assessed. However, employment will be held down to a certain

extent by productivity increases brought about by the increased use of computers and other technologies, which make for faster valuations and allow appraisers to take on more customers and each assessor to assess more properties. In addition to growth openings, there should be numerous openings due to the need to replace the many appraisers and assessors who are expected to retire or decrease their working hours over the projection period.

Employment opportunities should be best in areas with active real estate markets, such as the East and West coasts and major cities and suburbs. Although opportunities for established appraisers and assessors are expected to be good in these areas, those wishing to enter the occupation may have difficulty locating a training position because increasingly traditional sources of training positions prefer not to take on new trainees.

Appraisers may find the best opportunities as independent fee appraisers because the banks and other financial institutions that, in the past, employed a significant number of appraisers are increasingly contracting out to independent fee appraisers to make loan appraisals on a case-by-case basis, decreasing their need to have appraisers on staff. The increased use of automated valuation models to conduct appraisals for loan and mortgage purposes has also shifted work out of the financial sector.

The cyclical nature of the real estate market will also have a large effect on the future of appraisers, especially those who appraise residential properties. In times of recession, fewer people buy or sell real estate, causing a decrease in the demand for appraisers. However, during a downturn in the residential real estate market appraisers often are able to switch specialties and appraise other types of properties.

Because assessors are needed in every local or State jurisdiction to make assessments for property tax purposes regardless of the state of the local economy, assessors are less affected by fluctuations in the economy and real estate market than appraisers.

### Earnings

Median annual earnings of appraisers and assessors of real estate were \$43,390 in May 2004. The middle 50 percent earned between \$30,820 and \$60,110. The lowest 10 percent earned less than \$22,300 and the highest 10 percent earned more than \$81,240. Median annual earnings of those working for local governments were \$38,940. Median annual earnings of those working for real estate firms were \$46,330. Generally, those working in urban and coastal regions earned more than those working in rural locations.

### Related Occupations

Other occupations that involve the inspection of real estate include construction and building inspectors, real estate brokers and sales agents, and urban and regional planners. Appraisers and assessors must also place a monetary value on properties. Occupations also involved in valuing items include claims adjusters, appraisers, examiners and investigators, as well as cost estimators.

### Sources of Additional Information

For more information on licensure requirements, contact:

► Appraisal Foundation, 1029 Vermont Ave. NW., Suite 900, Washington DC, 20005-3517. Internet: <http://www.appraisalfoundation.org>

For more information on appraisers of real estate, contact:

► Appraisal Institute, 550 W. Van Buren St., Suite 1000, Chicago, IL 60607. Internet: <http://www.appraisalinstitute.org>

► National Association of Real Estate Appraisers, 1224 North Nokomis NE., Alexandria, MN 56308. Internet: <http://www.iami.org/narea/home.cfm>

► American Society of Appraisers, 555 Herndon Pkwy., Suite 125, Herndon, VA 20170. Internet: <http://www.appraisers.org>

For more information on assessors of real estate, contact:

► International Association of Assessing Officers, 314 W 10th St., Kansas City, MO 64105. Internet: <http://www.iaao.org>